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Stopping Abusive Tax Shelters

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“Crimes like terrorism or murder or fraud or embezzlement produce instant recognition of the immorality involved. But abusive tax shelters are MEGOs—that means ‘my eyes glaze over.’ Those who cook up these concoctions count on their complexity to escape scrutiny and public ire.”

Senator Carl Levin, KPMG hearing (Nov. 18, 2003)

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3. See, for example, IRS News Release No. IR-2003-84 (7/2/2003) (IRS Settlement with E&Y); “Pricewaterhouse and I.R.S. Settle Tax Shelter Dispute,” *New York Times*, David Cay Johnston (6/28/2002), <http://nyti.ms/2zUec52>.
4. BLIPS is an abbreviation for Bond Linked Issue Premium Structure. OPIS stands for Offshore Portfolio Investment Strategy. FLIP stands for Foreign Leveraged Investment Program. SC2 stands for S-Corporation Charitable Contribution Strategy.
5. 2005 Tax Shelter Committee Report.
6. “KPMG to Pay \$456 Million for Criminal Violations in Relation to Largest-Ever Tax Shelter Fraud Case,” Department of Justice Press Release (8/29/2005),

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12. See Section 818 of H.R. 4520, American Jobs Creation Act of 2004, enacted as Public Law 108-357 (10/22/2004) and codified at 26 U.S.C. 6700.
13. 2005 PCAOB Rule on Auditor Independence and Tax Services, https://pcaobus.org/Rulemaking/Docket017/2004-12-14_Release_2004-015.pdf (proposed rule) and https://pcaobus.org/Rulemaking/Docket017/2005-07-26_Release_2005-014.pdf (final rule); comment letter filed by Senator Levin (2/24/2005), https://pcaobus.org/Rulemaking/Docket017/794_Carl_Levin.pdf.
14. Information about the six case studies is based upon “Tax Haven Abuses: The Enablers, The Tools and Secrecy,” S. Hrg. 109-797 (8/1/2006), Volumes 1–4 (hereinafter “Tax Haven Abuses Hearing”),

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19. See Tax Haven Abuses Hearing, at 161-620.
20. See Hiring Incentives to Restore Employment (HIRE) Act, P.L. 111-147, §533.
21. See *SEC v. Wyly*, Case No. 1:10-CV-5760-SAS (SDNY); “Statement on Jury’s Verdict in Case against the Wyllys,” SEC Press Release, <http://www.sec.gov/News/PublicStmnt/Detail/PublicStmnt/1370541799330>. Charles Wyly died in a car accident in 2011, so at the time of trial, the defendants were Sam Wyly and the Charles Wyly estate. See *SEC v. Wyly*, Case No. 1:10-CV-5760-SAS (SDNY), Opinion and Order (1/27/2012) (allowing disgorgement action to proceed against Charles Wyly estate).

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Court), Memorandum Opinion and Order (8/25/2015).

27. Id., Memorandum Opinion (5/10/2016), at 419 (finding tax fraud); unpublished opinion (6/27/2016); “Sam Wyly Tax Bill Totals \$1.1B In Fraud Case,” *Law360*, Jess Davis (6/27/2016), <http://bit.ly/2AaW5Lg>.
28. See *United States v. Greenstein, Wilk, and Krane*, Case No. CR08-0296 RSM (USDC WDWA), Superseding Indictment (6/4/2009) (hereinafter “Greenstein Indictment”), at ¶14.
29. The information is based upon the Tax Haven Abuses Hearing, at 230–296.

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Press Release (9/13/2010),

<http://www.justice.gov/archive/usao/waw/press/2010/sep/quellos.html>.

36. Tax Haven Abuse Act, S. 681, 110th Congress (2/17/2007).

37. Incorporation Transparency and Law Enforcement Assistance Act, S. 2956, 110th Congress (5/1/2008).

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